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Welcome to the Change Challenge Newsletter

It's convenient to blame the President, Congress, big business, unions, BP, or someone/something else - but the reality is we created the challenges we face ourselves. To be sure, others contributed but those challenges couldn't exist without us. That's the theme of this month's feature article titled "**Who Pays the Bill?**" which shows how each of us are personally responsible for rising health care costs.

This month's *Leading Change* article titled "**Response Ability**" helps us see that, no matter what the situation, we have the power to respond in productive ways (or not). The *Personal Change* story titled "**20 Minutes to Live**" illustrates that in our daily professional and personal lives we sometimes waste time and energy on blame, anger or self-pity when personal responsibility will save the day.

Your feedback and recommendations to improve this e-letter are always appreciated via return email or *The Change Blog* at www.dickstieglitz.com.

Sincerely,

Dick Stieglitz

IN THIS ISSUE

Who Pays the Bill?

Response Ability

20 Minutes to Live

Buying & Selling a Company

Business Change

Feature Article

WHO PAYS THE BILL?

The recent changes in health care got personal when I became eligible for Medicare on June 1st and was responsible for arranging my own coverage. Starting in April, it took three months to replace my previous policy with a complex set of insurance programs. I was granted Medicare Part A (hospitalization) and Part B (medical) coverage three weeks after submitting my application - then the challenges began. Which supplemental plan should I choose to pay for items that Medicare doesn't cover, and should I enroll in a prescription drug plan (Medicare Part D). Those programs, which are offered by commercial insurance companies, were in limbo pending modifications to conform to the new health care bill passed by Congress.

The bottom line is that my combined monthly premiums for Medicare, supplemental coverage, and prescription drug coverage are roughly 10% higher than my previous policy which included dental. Furthermore, the deductibles (particularly for drugs) are higher than I paid under my previous policy. I expect that the higher monthly cost I pay for inferior coverage is subsidizing coverage for the 47 million previously uninsured people who may get health care coverage. Now that I manage my own health care (instead of my employer doing it for me), I am keenly aware of my responsibility for managing the cost of that coverage.

In 2009, the U.S. spent \$2.5 trillion on health care. By any measure, way more than other countries spend even though we have a younger population than most. According to the World Bank: (1) the U.S. ranks #1 in percent of GDP (15.4%) spent on health care - France is #2 at 10.5%; (2) the U.S. ranks #1 in health spending per person (\$5,283) - Japan is #2 at \$2,243 per person per year; and (3) the U.S. ranks #28 in life expectancy - 77 years versus 82 years for the Japanese who are ranked #1. Health care costs in the U.S. are rising faster than GDP - but so are sales of 3D televisions, hybrid cars, and iTunes but no one sees those increases as a problem. We're concerned about rising health care costs because we feel we aren't getting our money's worth. But that's a problem for which we are individually responsible.

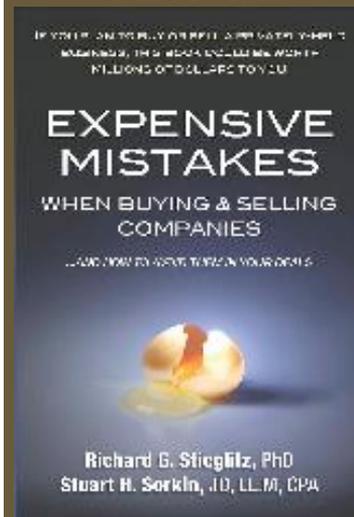
You may ask: *How am I responsible for the cost of health care?* It's because collectively we are getting older and heavier, we have bad habits, and we are afraid of lawyers. The U.S. health care system is twice as expensive as European plans because we have twice the amount of chronic conditions caused or exacerbated by lack of exercise, over-eating, smoking, excessive alcohol, and avoidable stress. Fortunately, the rate of lung cancer related to smoking is declining, but nearly one-third of us are clinically obese. Nearly 4 million Americans weigh more than 300 pounds, and the average weight of an adult American woman is a shocking 163 pounds! Obesity contributes to an expensive set of chronic conditions including diabetes, heart attacks, and strokes. To the extent you and I have an unhealthy life style, we drive up the cost of health care.

Relative to our fear of lawyers, the biggest health care cost isn't malpractice insurance or malpractice awards which the AMA estimates to be 1% to 2% of health care costs. Rather, it is the marginally necessary procedures our doctors order to protect themselves from career-ending lawsuits. Experts estimate that defensive medicine is the reason for nearly 25% of all MRIs, X-rays, ultrasound, lab tests, and other diagnostic procedures. You and I are responsible for the cost of such procedures because we accept them, and unconsciously assume someone else (our insurance carrier, our employer, or the government) is paying the bill.

Over 80% of Americans have health insurance but no idea how much it costs or who really pays for it. Workers with employer-provided health insurance think their employer pays the bill, but in fact it comes out of their wages. Similarly, taxpayers pay the bill for the old and the poor through Medicare and Medicaid. According to the Bureau of Labor Statistics, employer-provided health insurance reduce wages by 8%. The recent stagnation in middle-class wages is partly caused by health care inflation.

Some say fee-for-service medical care is why the costs are high. The fee-for-service argument asserts that since doctors are paid for each service, we incentivize

Buying or selling a business can be a lucrative but risky transaction

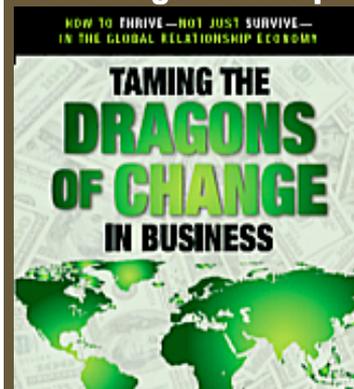


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them to prescribe more services. But fee-for-service isn't a problem when we buy dry cleaning services or car repairs and decide exactly how much we need. On the other hand, when I go for my annual physical and my doctor recommends a test or procedure, I always say yes. Why would I say no when, at most, I pay only 15% of the bill. I walk away thinking the costs are paid by my insurance company when, in fact, they are passed on to my employer as higher premiums, who passes them on to me in the form of lower pay. So the reason we receive excessive health care services isn't the fee-for-service business model. Rather it is that we think someone else is paying for them. If each of us felt responsible for the cost of our health care, we would be more deliberate in selecting the services we receive.

Another cost-driver in health care is the reality that we will die some day - but we don't want it to be today! So demand skyrockets for expensive, near-death care that delays the inevitable. Politicians don't acknowledge this, of course. Instead, they imply we will receive whatever treatment is required. But what does that mean? Everyone would agree that spending \$10,000 to save a child's life is a no-brainer. But what about spending \$1M to extend the life of a terminally ill patient=s life for a month? If five patients need a heart transplant and there's only one heart, who gets it? Who will decide - should it be the government, the insurance company, or a "death panel" of doctors? And who should pay for such services? The logical answer to these questions is politically and emotionally untenable because the answers are more about personal responsibility than public policy.

Like myself, few Americans understand how the far-reaching health care changes enacted by Congress will affect them. The 47 Americans who are uninsured have a lot to gain - but they are just 15% of the population. Everyone else has something to lose. Most of us don't trust the government to do anything, let alone make life-and-death decisions under an open-ended entitlement system that does nothing to contain health care costs. But you and I can reduce health care costs by making responsible life style and health care choices.

Leading Change RESPONSE ABILITY

The word *responsibility* is often associated with blame - but it also means we are *able to respond* any way we choose. The American Century Dictionary defines *responsibility* as "*being the primary cause.*" Many people are eager to shift responsibility by saying: "**They** are responsible!" But if someone or something else is responsible for what happens in our professional or personal lives, that person or thing has stolen our personal power! We are powerless if we aren't *able* to make a meaningful *response*.

For example, each of us is *response-able* for world hunger because we are *able to respond* to hunger if we choose. Most of us choose to ignore it, but some make hunger a passionate cause and travel around the world feeding hungry children. No blame, no explanation, no defense - Just choice. Similarly, if BP is 100% responsible for the Gulf oil spill, then President Obama and the federal government are powerless to fix the current problem or avoid its recurrence - only BP can do that.

We first learned about personal responsibility as children when we sang songs like *Row, Row, Row Your Boat*. The point was you are the only one who can row your boat where you want it to go. The lesson continued in nursery rhymes



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like:

Humpty Dumpty sat on a wall.

Humpty Dumpty had a great fall.

All the King's horses and all the King's men

Couldn't put Humpty together again.

Of course not. Only Humpty could put Humpty together the way he wanted to be. Just like Humpty Dumpty, we each have the power to achieve our goals through personal responsibility.

Response ability is not given, it is taken by choice. We seize personal power when we take responsibility for: (1) how we are, how our workplace is, how our family is, and the condition of the world today, and (2) how they will be tomorrow. We abandon our power to effect change when we complain how bad things are, say that it's someone else's fault, or expect someone else to change. The essential first step in improving ourselves, our workplace and family, and the world around us is to understand that we made them like they are. When we embrace responsibility for the universe, every bit of it, we gain the power to change the part of it that we care about the most. We exercise personal power when we see things as they could be, and take personal responsibility for making them so.

Personal Change **20 MINUTES TO LIVE**

Personal responsibility has saved my life. I was scuba diving 40 miles off the Delaware coast on the wreck of the *Washingtonian*, a 400-foot ship that sunk in the early 1900s. We were in 95 feet of water and visibility was poor, about 15 feet. I was a few feet behind my dive buddy, an experienced diver, as we searched for "bugs" (lobsters) in the scattered wreckage. Even with the low visibility, I was within sight of him when my regulator got caught in the tangled fishing line on the wreck. The more I struggled, the more the line coiled around my arms, legs, and equipment. Before I realized what had happened, my buddy was gone. The dragons of fear and frustration grabbed me. Seeing that my air gage registered 1600 pounds, my first thought was: "*I have 20 minutes to live.*"

I felt sorry for myself as I thought about my wife and daughters. I was angry at fisherman who carelessly lost their fishing tackle - they were to blame for my predicament. I was furious at my buddy for leaving me. I tamed those dragons when I took responsibility and said to myself: "*Blame and anger won't save you. Do what you have been trained to do, and do it fast!*"

I took off the diving gear and laid it on the ocean floor, keeping the mouth-piece just like I was taught in my certification course. Using the knife strapped to my ankle, I cut the fishing lines one strand at a time. When my gear was free from the fishing line, I carried it away from the wreck to open sand and put it back on. When I finished, my air gage read 400 pounds (five minutes). I looked for my buddy and found him quickly, since he was frantically looking for me too. Safely on the boat after the dive, we laughed as we told the exciting story to other divers who were unaware of my near-death adventure.

Personal responsibility saved my life that day. I almost wasted my air and my life blaming the entanglement on someone else and feeling sorry for myself. How often in our daily activities do we figuratively "die" wasting our breath on blame, anger, or self-pity when personal responsibility would save the day and fix the problem?

Friends & Colleagues,

If you're looking for ways to implement change in your organization, contact me to discuss the possibilities. If you have found this e-letter to be useful, send it to a friend. If not, please let me know why at dick@dragonsofchange.com.

Until Next Month,

Dick Stieglitz, Ph.D.

TAMING THE DRAGONS OF CHANGE

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